

Budget Narrative/Justification —Entire Project

California's budget covers the four calendar years of the Cooperative Agreement Program's proposed project period, from January 1, 2010 through December 31, 2013. This time period represents portions of five fiscal years:

- FY2010 – 9 months from January 1, 2010 through September 30, 2010.
- FY2011 – 12 months from October 1, 2010 through September 30, 2011.
- FY2012 – 12 months from October 1, 2011 through September 30, 2012.
- FY2013 – 12 months from October 1, 2012 through September 30, 2013.
- FY2014 – 3 months from October 1, 2013 through December 31, 2013.

However, following ONC guidance, the budget has been prepared by calendar year. As required by the FOA, included below are budget justification/narratives for the combined multi-year project period as well as each of the four calendar years comprising the project period.

California has completed its state-level HIE Strategic Plan. It has been submitted as part of this application. Efforts to develop our Operational Plan are currently underway and are expected to be completed by April 1, 2010. Because the details of California's Operational Plan are still being developed, this budget includes more detail for the first three months of the project term, during which time we will be developing the Operational Plan. The remainder of the budget is estimated based on the following:

- **Existing state employees currently involved in our statewide HIE development efforts:** Those employees that will continue working throughout the four years of the project are estimated by year at their current and projected salary level along with a 30% rate for fringe benefits. Personnel include: Deputy Secretary of Health IT, Deputy Secretary of Health System and Life Sciences from the Business, Transportation and Housing Agency (25%), additional resource from BTHA (50%), and staff and counsel from CalPSAB, the State's privacy and security advisory board. These staff represent a significant portion of the non-federal in-kind contribution.
- **Additional staff and counsel that will be hired by CalPSAB to support the project:** Staffing is identified by position and includes associated salary costs, specific fringe benefit rates and extra costs for equipment, travel, supplies and facilities.
- **Governance entity estimates:** Estimates of the costs associated with California's proposed governance entity are based on responses from potential entities submitted in response to a Request for Information released by the State.
- **Existing Contracts:** Portions of existing contracts, such as the State's contract with a consulting firm to assist in the development of our Operational Plan, are based on amounts expected to be spent after January 1, 2010 to complete that plan.
- **Procurements to expand on California's existing health information exchange footprint:** The budget breaks out separate estimates for equipment and services for two large procurements, one in FY 2010 and one in FY 2011. However, based on the contents of our final Operational Plan and the technical architecture deployed, the amounts and classifications of these items may change.

These estimates are justified in detail in the justification column of the tables below, per the instructions set out in Appendices J and K of the FOA.

Combined Multi-Year Budget Narrative/Justification

Object Class Category	Federal Funds	Non-Federal Cash	Non-Federal In-Kind	TOTAL	Justification
Personnel	\$11,637,824	\$0	\$2,627,872	\$14,265,696	See annual detail below
Fringe Benefits	\$3,572,712	\$0	\$788,360	\$4,188,275	See annual detail below
Travel	\$793,000	\$0	\$50,000	\$843,000	See annual detail below
Equipment	\$8,870,000	\$0	\$0	\$8,870,000	See annual detail below
Supplies	\$525,000	\$0	\$0	\$525,000	See annual detail below
Contractual	\$10,007,000	\$0	\$2,652,955	\$12,659,955	See annual detail below
Other	\$3,347,000	\$0	\$176,432	\$3,523,432	See annual detail below
Indirect Charges	\$0	\$0	\$0	\$0	N/A
TOTAL	\$38,752,536	\$0	\$6,295,619	\$45,048,155	

Budget Narrative/Justification —2010

Object Class Category	Federal Funds	Non-Federal Cash	Non-Federal In-Kind	TOTAL	Justification
Personnel	\$3,534,456		\$656,968	\$4,191,424	<p>Non-federal in-kind state resources. 3 months engagement in planning efforts. 9 months engagement in procurement, implementation support and operations. Emphasis on operational planning, procurement, communication and outreach and privacy and security:</p> <ul style="list-style-type: none"> • Deputy Secretary, HIT: \$144,120 • Deputy Secretary Health System and Life Sciences Business plus one staff from Transportation and Housing Agency: \$59,880 • CEA I: \$92,246 • CEA II: \$97,779 • 25% of SSMII: \$19,793 • SSM III: \$83,120 • Staff Counsel III/IV: \$111,550 • 50% of DPM III: \$48,480 <p>Total: \$656,968</p> <p>State resources covered by federal funds for privacy and security and communications and outreach:</p> <ul style="list-style-type: none"> • 2 MGR II-Sprvy: \$147,552 • 1 Staff Services MGR I – \$67,200 • 2 Assoc gov't analyst – \$116,424 • 2 Staff counsel II-Spec – \$203,280 <p>Total: \$534,456</p> <p>Governance entity staffing based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE:</p> <p>Total: \$3,000,000</p>
Fringe Benefits	\$1,080,678		\$197,090	\$1,277,768	<p>Non-federal in-kind state resources estimated at 30%.</p> <p>Total: \$197,090</p> <p>Federally funded state resources estimated:</p> <ul style="list-style-type: none"> • Health Insurance \$40,259 • Industrial Disability Leave \$880 • OASDI \$29,008 • Other \$30,457 • Retirement \$74,844 • Unemployment Insurance \$187 • Workers Compensation \$5,043 <p>Total: \$180,678</p>

					Governance entity estimated at 30%. Total: \$900,000
Travel	\$217,000		\$15,000	\$232,000	Travel to operational planning and technology advisory group meetings and various workgroup meetings held monthly or weekly throughout various regions of the state, includes town halls and convenings. Costs include airfare, rental car, hotel, and per diem (\$40 per day): <ul style="list-style-type: none"> • Governance Entity and Consultants: \$200,000 • State employees (in-kind): \$15,000 • State employees (fed fund): \$17,000
Equipment	\$5,020,000			\$5,020,000	<ul style="list-style-type: none"> • Communications equipment for traveling state employees (e.g., blackberry, aircard): \$20,000 • Initial procurement of equipment and software to be used in expanding CA HIE footprint in multiple regions throughout the state. Further details on exact regions and equipment purchases will come from the operational plan (April), technology infrastructure (April) and responses to procurement request (Aug/Sept): \$5,000,000
Supplies	\$165,000			\$165,000	<ul style="list-style-type: none"> • Governance entity supplies based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE: Est. \$10K per month for 12 months • Estimated supplies and minor equipment for state employees: \$45,000 Total: \$165,000
Contractual	\$5,360,000		\$654,145	\$6,014,145	Non-federal in-kind resources. New and existing contracts paid for by CA. 3 months engagement in planning efforts. 9 months engagement in procurement, implementation support and operations. Emphasis on operational planning, communication and outreach and privacy and security. <ul style="list-style-type: none"> • Hubbard: \$233,334 • Meta Vista \$117,137 • UC-IA: \$49,999 • 50% web development: \$77,040 Total: \$654,145

				<p>Federal Resources:</p> <ul style="list-style-type: none">• Remaining 3 months of operational planning contract with Manatt: \$300,000• Outside legal counsel: \$300,000• Consultant to manage transition to the governance entity: \$150,000• Technical consultant to run technical advisory committee, participate in operational planning and technical architecture design: \$150,000• Communications, outreach and education: \$200,000• State grant management contract: \$360,000• Annual forum: \$50,000• Project manager reporting to Deputy Secretary of HIT: \$300,000• Financial planning consultant: \$200,000• Evaluation design and data collection: \$350,000 <p>Total: 2,360,000</p> <p>Initial procurement of service to be used in conjunction with the equipment purchased to expand the CA HIE footprint in multiple regions throughout the state. Further details on exact regions and equipment purchases will come from the operational plan (April), technology infrastructure (April) and responses to procurement request (Aug/Sept):</p> <p>Total: \$3,000,000</p>	
Other	\$863,000		\$44,108	\$907,108	<p>Federal funds:</p> <ul style="list-style-type: none">• Meeting facilitation expenses incurred by governance entity. Estimated based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE: \$30,000• Governance Entity insurance: \$24,000• Materials development and reproduction: \$20,000• Governance entity professional meetings and activities: \$20,000• Governance entity rent and utilities (est. \$60K per month based on hybrid of responses): \$720,000• Training: \$3,000• State facility rent and utilities: \$46,000 <p>Total: \$863,000</p>

					Non-Federal In-kind resources: <ul style="list-style-type: none">• General expense budget = \$110k/17 staff \$6471 per person per year x 5.75 PYs: \$37,208• Communication expense of \$100 per month per person for 5.75 FTE over 9 months
Indirect Charges					N/A
TOTAL	\$16,240,134	\$0	\$1,567,311	\$17,807,445	

Budget Narrative/Justification —2011

Object Class Category	Federal Funds	Non-Federal Cash	Non-Federal In-Kind	TOTAL	Justification
Personnel	\$3,534,456		\$656,968	\$4,191,424	<p>Non-federal in-kind state resources. Full year of engagement in procurement, implementation support and operations. Emphasis on procurement, communication and outreach; privacy and security, operational oversight:</p> <ul style="list-style-type: none"> • Deputy Secretary, HIT: \$144,120 • Deputy Secretary Health System and Life Sciences Business plus one staff from Transportation and Housing Agency: \$59,880 • CEA I: \$92,246 • CEA II: \$97,779 • 25% of SSMII: \$19,793 • SSM III: \$83,120 • Staff Counsel III/IV: \$111,550 • 50% of DPM III: \$48,480 <p>Total: \$656,968</p> <p>State resources covered by federal funds for privacy and security and communications and outreach:</p> <ul style="list-style-type: none"> • 2 MGR II-Sprvy: \$147,552 • 1 Staff Services MGR I – \$67,200 • 2 Assoc gov't analyst – \$116,424 • 2 Staff counsel II-Spec – \$203,280 <p>Total: \$534,456</p> <p>Governance entity staffing based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE:</p> <p>Total: \$3,000,000</p>
Fringe Benefits	\$1,080,678		\$197,090	\$1,277,768	<p>Non-federal in-kind state resources estimated at 30%. Total: \$197,090</p> <p>Federally funded state resources estimated:</p> <ul style="list-style-type: none"> • Health Insurance \$40,259 • Industrial Disability Leave \$880 • OASDI \$29,008 • Other \$30,457 • Retirement \$74,844 • Unemployment Insurance \$187 • Workers Compensation \$5,043 <p>Total: \$180,678</p> <p>Governance entity estimated at 30%. Total: \$900,000</p>

Travel	217,000		15,000	232,000	<p>Travel to operational planning and technology advisory group meetings and various workgroup meetings held monthly or weekly throughout various regions of the state. Costs include airfare, rental car, hotel, and per diem (\$40 per day):</p> <ul style="list-style-type: none"> • Governance Entity and Consultants: \$200,000 • State employees (in-kind): \$15,000 • State employees (fed fund): \$17,000
Equipment	\$3,810,000			\$3,810,000	<ul style="list-style-type: none"> • Communications equipment for traveling state employees (blackberry, aircard): \$20,000 • Second round of procurement for equipment to be used in expanding CA HIE footprint in multiple regions throughout the state. Further details on exact regions and equipment purchases will come from the operational plan (April '10), technology infrastructure (April '10) and responses to procurement request (Aug '11): \$3,790,000
Supplies	\$150,000			\$150,000	<ul style="list-style-type: none"> • Governance entity supplies based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE: Est. \$10K per month • Estimated supplies and minor equipment for state employees: \$30,000 <p>Total: \$150,000</p>
Contractual	\$2,451,000		\$664,794	\$3,115,794	<p>Non-federal in-kind resources. New and existing contracts paid for by CA. 3 months engagement in planning efforts. 6 months engagement in procurement, implementation support and operations. Emphasis on operational planning, communication and outreach and privacy and security.</p> <ul style="list-style-type: none"> • Hubbard: \$233,334 • Meta Vista \$127,786 • New project mgmt: \$176,635 • UC-IA: \$49,999 • 50% web development: \$77,040 <p>Total: \$664,794</p>

					<p>Federal Resources:</p> <ul style="list-style-type: none">• Outside legal counsel: \$150,000• Technical consultant to run technical advisory committee, participate in technical operations and continued design activities: \$100,000• Communications, outreach and education consultant: \$200,000• State grant management contract: \$360,000• Annual forum: \$50,000• Project manager reporting to Deputy Director of HIT: \$216,000• Financial planning consultant: \$200,000• Evaluation design and data collection: \$175,000 <p>Total: \$1,451,000</p> <p>Second procurement of services in support of the equipment to be used in expanding CA HIE footprint in multiple regions throughout the state. Further details on exact regions and services to be purchased will come from the operational plan (April), technology infrastructure (April) and responses to procurement request (Aug/Sept).</p> <p>Total: \$1,000,000</p>
Other	\$853,000		\$44,108	\$897,108	<p>Federal funds:</p> <ul style="list-style-type: none">• Meeting facilitation expenses incurred by governance entity. Estimated based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE: \$25,000• Governance Entity insurance: \$24,000• Materials development and reproduction: \$15,000• Governance entity professional meetings and activities: \$20,000• Governance entity rent and utilities (est. \$60K per month based on hybrid of responses): \$720,000• Training: \$3,000• State facility rent and utilities: \$46,000 <p>Total: \$853,000</p>

					Non-Federal In-kind resources: <ul style="list-style-type: none"> • General expense budget = \$110k/17 staff \$6471 per person per year x 5.75 PYs: \$37,208 • Communication expense of \$100 per month per person for 5.75 FTE over 12 months
Indirect Charges					N/A
TOTAL	\$12,096,134	\$0	\$1,577,960	\$13,674,094	

Budget Narrative/Justification —2012

Object Class Category	Federal Funds	Non-Federal Cash	Non-Federal In-Kind	TOTAL	Justification
Personnel	\$2,534,456		\$656,968	\$3,191,424	<p>Non-federal in-kind state resources. Full year of engagement in implementation support and operations. Emphasis on implementation, business planning, communication and outreach; privacy and security, operational oversight:</p> <ul style="list-style-type: none"> • Deputy Secretary, HIT: \$144,120 • Deputy Secretary Health System and Life Sciences Business plus one staff from Transportation and Housing Agency: \$59,880 • CEA I: \$92,246 • CEA II: \$97,779 • 25% of SSMII: \$19,793 • SSM III: \$83,120 • Staff Counsel III/IV: \$111,550 • 50% of DPM III: \$48,480 <p>Total: \$656,968</p> <p>State resources covered by federal funds for privacy and security and communications and outreach:</p> <p>2 MGR II-Sprvy: \$147,552 1 Staff Services MGR I – \$67,200 2 Assoc gov’t analyst – \$116,424 2 Staff counsel II-Spec – \$203,280</p> <p>Total: \$534,456</p> <p>Governance entity staffing based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE:</p> <p>Total: \$2,000,000</p>
Fringe Benefits	\$780,678		\$197,090	\$977,768	<p>Non-federal in-kind state resources estimated at 30%.</p> <p>Total: \$197,090</p> <p>Federally funded state resources estimated:</p> <ul style="list-style-type: none"> • Health Insurance \$40,259 • Industrial Disability Leave \$880 • OASDI \$29,008 • Other \$30,457 • Retirement \$74,844 • Unemployment Insurance \$187 • Workers Compensation \$5,043 <p>Total: \$180,678</p> <p>Governance entity estimated at 30%.</p> <p>Total: 600,000</p>

Travel	\$217,000		\$10,000	\$227,000	<p>Travel to operational planning and technology advisory group meetings and various workgroup meetings held monthly or weekly throughout various regions of the state. Costs include airfare, rental car, hotel, and per diem (\$40 per day):</p> <ul style="list-style-type: none"> • Governance Entity and Consultants: \$200,000 • State employees (in-kind): \$10,000 • State employees (fed fund): \$17,000
Equipment	\$20,000			\$20,000	<ul style="list-style-type: none"> • Communications equipment for traveling state employees (blackberry, aircard): \$20,000
Supplies	\$120,000			\$120,000	<ul style="list-style-type: none"> • Governance entity supplies based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE: Est. \$90K • Estimated supplies and minor equipment for state employees: \$30,000 <p>Total: \$120,000</p>
Contractual	\$1,110,000		\$667,008	\$1,752,008	<p>Non-federal in-kind resources. Emphasis on implementation, communication, outreach and privacy and security.</p> <ul style="list-style-type: none"> • Hubbard: \$233,334 • Meta Vista \$130,000 • New project mgmt: \$176,635 • UC-IA: \$49,999 • 50% web development: \$77,040 <p>Total: \$667,008</p> <p>Federal Resources:</p> <ul style="list-style-type: none"> • Outside legal counsel: \$100,000 • Communications, outreach and education consultant: \$200,000 • State grant management contract: \$360,000 • Annual forum: \$50,000 • Project manager reporting to Deputy Director of HIT: \$200,000 • Financial planning consultant: \$75,000 • Evaluation design and data collection: \$125,000 <p>Total: \$1,110,000</p>

Other	\$832,000		\$44,108	\$876,108	<p>Federal funds:</p> <ul style="list-style-type: none"> • Meeting facilitation expenses incurred by governance entity. Estimated based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE: \$20,000 • Governance Entity insurance: \$18,000 • Materials development and reproduction: \$10,000 • Governance entity professional meetings and activities: \$15,000 • Governance entity rent and utilities (est. \$60K per month based on hybrid of responses): \$720,000 • Training: \$3,000 • State facility rent and utilities: \$46,000 <p>Total: \$832,000</p> <p>Non-Federal In-kind resources:</p> <ul style="list-style-type: none"> • General expense budget = \$110k/17 staff \$6471 per person per year x 5.75 PYs: \$37,208 • Communication expense of \$100 per month per person for 5.75 FTE over 9 months
Indirect Charges					N/A
TOTAL	\$5,614,134	\$0	\$1,575,174	\$7,189,308	

Budget Narrative/Justification —2013

Object Class Category	Federal Funds	Non-Federal Cash	Non-Federal In-Kind	TOTAL	Justification
Personnel	\$2,034,456		\$656,968	\$2,691,424	<p>Non-federal in-kind state resources. Full year of engagement in implementation support and operations. Emphasis on, communication, sustainability, privacy and security, operational oversight:</p> <ul style="list-style-type: none"> • Deputy Secretary, HIT: \$144,120 • Deputy Secretary Health System and Life Sciences Business plus one staff from Transportation and Housing Agency: \$59,880 • CEA I: \$92,246 • CEA II: \$97,779 • 25% of SSMII: \$19,793 • SSM III: \$83,120 • Staff Counsel III/IV: \$111,550 • 50% of DPM III: \$48,480 <p>Total: \$656,968</p> <p>State resources covered by federal funds for privacy and security and communications and outreach:</p> <p>2 MGR II-Sprvy: \$147,552 1 Staff Services MGR I – \$67,200 2 Assoc gov’t analyst – \$116,424 2 Staff counsel II-Spec – \$203,280</p> <p>Total: \$534,456</p> <p>Governance entity staffing based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE:</p> <p>Total: \$1,500,000</p>
Fringe Benefits	\$630,678		\$197,090	\$827,768	<p>Non-federal in-kind state resources estimated at 30%.</p> <p>Total: \$197,080</p> <p>Federally funded state resources estimated:</p> <ul style="list-style-type: none"> • Health Insurance \$40,259 • Industrial Disability Leave \$880 • OASDI \$29,008 • Other \$30,457 • Retirement \$74,844 • Unemployment Insurance \$187 • Workers Compensation \$5,043 <p>Total: \$180,678</p> <p>Governance entity estimated at 30%.</p> <p>Total: \$450,000</p>

Travel	\$142,000		\$10,000	\$152,000	<p>Travel to operational planning and technology advisory group meetings and various workgroup meetings held monthly or weekly throughout various regions of the state. Costs include airfare, rental car, hotel, and per diem (\$40 per day):</p> <ul style="list-style-type: none"> • Governance Entity and Consultants: \$125,000 • State employees (in-kind): \$10,000 • State employees (fed fund): \$17,000
Equipment	\$20,000			\$20,000	<ul style="list-style-type: none"> • Communications equipment for traveling state employees (blackberry, aircard): \$20,000
Supplies	\$90,000			\$90,000	<ul style="list-style-type: none"> • Governance entity supplies based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE: Est. \$60K • Estimated supplies and minor equipment for state employees: \$30,000 <p>Total: \$90,000</p>
Contractual	\$1,086,000		\$667,008	\$1,753,008	<p>Non-federal in-kind resources. Emphasis on implementation, sustainability, communication, outreach and privacy and security.</p> <ul style="list-style-type: none"> • Hubbard: \$233,334 • Meta Vista \$130,000 • New project mgmt: \$176,635 • UC-IA: \$49,999 • 50% web development: \$77,040 <p>Total: \$667,008</p> <p>Federal Resources:</p> <ul style="list-style-type: none"> • Outside legal counsel: \$100,000 • Communications, outreach and education consultant: \$200,000 • State grant management contract: \$360,000 • Annual forum: \$50,000 • Project manager reporting to Deputy Director of HIT: \$200,000 • Financial planning consultant: \$50,000 • Evaluation design and data collection: \$126,000 <p>Total: \$1,086,000</p>

Other	\$799,000		\$44,108	\$843,108	<p>Federal funds:</p> <ul style="list-style-type: none"> • Meeting facilitation expenses incurred by governance entity. Estimated based on a hybrid of multiple applicant responses to RFI to become the states governance entity for HIE: \$10,000 • Governance Entity insurance: \$12,000 • Governance entity professional meetings and activities: \$8,000 • Governance entity rent and utilities (est. \$60K per month based on hybrid of responses): \$720,000 • Training: \$3,000 • State facility rent and utilities: \$46,000 <p>Total: \$799,000</p> <p>Non-Federal In-kind resources:</p> <ul style="list-style-type: none"> • General expense budget = \$110k/17 staff \$6471 per person per year x 5.75 PYs: \$37,208 • Communication expense of \$100 per month per person for 5.75 FTE over 9 months
Indirect Charges					N/A
TOTAL	\$4,802,134	\$0	\$1,575,174	\$6,377,308	